GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:461
ANSWERED ON:06.04.2017
Operations of Foreign Airlines under Regional Connectivity Scheme
Karandlaje Km. Shobha

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether his Ministry proposes to throw open flight operations to foreign airlines under the Regional Connectivity Scheme (RCS);

(b) if so, whether his Ministry has initiated the procedure to amend the rules to enable the foreign airlines to apply for operating flights under RCS so as to expand the civil aviation sector and if so, the details thereof;

(c) whether necessary amendments would be made to provide freedom to foreign professionals to have more say at the top level management in airline companies and if so, the details thereof;

(d) whether rules are being amended in pursuance to the decision of the Government to allow 100 per cent Foreign Direct Investment (FDI) in Civil Aviation sector and if so, the details thereof; and

(e) whether immediately after the amendment, the Indian Airlines would be able to raise funds for their expansion through FDI and if so, the details thereof?

Answer

Minister of CIVIL AVIATION

(Shri Ashok Gajapathi Raju Pusapati)

(a) to (e): A statement is laid on the table of the House.

STATEMENT IN RESPECT OF LOK SABHA STARRED QUESTION NO. 461, REGARDING "OPERATION OF FOREIGN AIRLINES UNDER REGIONAL CONNECTIVITY SCHEME " TO BE ANSWERED ON 06.04.2017.;;

(a) and (b): Ministry of Civil Aviation has launched Regional Connectivity Scheme (RCS) - UDAN on 21st October, 2016 to stimulate Regional Air Connectivity by making it affordable. The selection of airline operators under the scheme is made through transparent bidding process subject to compliance with the provision of the Scheme. Bidding under the scheme inter-alia permits airline operators having valid air operator permit or equivalent permit issued by the competent civil aviation regulatory authority of any foreign country. In the event that any applicant is identified as selected airline operator, such applicant must obtain a valid Air Operator Certificate (AOC) for scheduled air transport services / scheduled commuter air transport services from Director General of Civil Aviation (DGCA) before commencement of operations under RCS. However, foreign airlines registered in a foreign country are not allowed to directly operate in domestic sectors, including RCS sectors, within India.

(c) to (e): As per the Foreign Direct Investment (FDI) policy as contained in the "Consolidated FDI Policy Circular of 2016", FDI limit for Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline and Regional Air Transport Service has been raised from 49% to 100%, with FDI up to 49% permitted under automatic route and FDI beyond 49% through Government approval. For Non-Resident Indians (NRI's), 100% FDI will continue to be allowed under automatic route. However, foreign airlines would continue to be allowed to invest in capital of Indian companies operating scheduled and non-scheduled air transport services up to the limit of 49% of their paid up capital through Government Route. This is subject to the laid down conditions in the existing FDI policy and Sectoral and security conditions. The Government has not received any proposal recently from any foreign airline for investment in Indian carriers.;